

Introduced by

Senators Schaible, Rust, Weber

Representatives Nathe, Porter, D. Ruby

1 A BILL for an Act to amend and reenact sections 15.1-27-04.1, 15.1-27-04.2, 57-15-01, and  
2 57-15-01.1, subsection 1 of section 57-15-14, section 57-15-14.2, subdivision c of subsection 1  
3 of section 57-20-07.1, and section 57-20-07.3 of the North Dakota Century Code, relating to the  
4 determination of state aid payments, information displayed on property tax statements, school  
5 district levy authority, and a credit against payments in lieu of taxes paid by centrally assessed  
6 companies; to repeal sections 15.1-27-04.3, 15.1-27-15.1, and 15.1-27-20.2, relating to  
7 adjustments to state aid payments; and to provide an effective date.

8 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

9 **SECTION 1. AMENDMENT.** Section 15.1-27-04.1 of the North Dakota Century Code is  
10 amended and reenacted as follows:

11 **15.1-27-04.1. Baseline funding - Establishment - Determination of state aid. (~~Effective~~**  
12 **~~through June 30, 2025~~)**

- 13 ~~1. To determine the amount of state aid payable to each district, the superintendent of~~  
14 ~~public instruction shall establish each district's baseline funding. A district's baseline~~  
15 ~~funding consists of:~~
- 16 ~~a. All state aid received by the district in accordance with chapter 15.1-27 during the~~  
17 ~~2018-19 school year;~~
  - 18 ~~b. An amount equal to the property tax deducted by the superintendent of public~~  
19 ~~instruction to determine the 2018-19 state aid payment;~~
  - 20 ~~e. An amount equal to seventy five percent of the revenue received by the school~~  
21 ~~district during the 2017-18 school year for the following revenue types:~~
    - 22 ~~(1) Revenue reported under code 2000 of the North Dakota school district~~  
23 ~~financial accounting and reporting manual, as developed by the~~  
24 ~~superintendent of public instruction in accordance with section 15.1-02-08;~~

1           (2) ~~Mineral revenue received by the school district through direct allocation from~~  
2           ~~the state treasurer and not reported under code 2000 of the North Dakota~~  
3           ~~school district financial accounting and reporting manual, as developed by~~  
4           ~~the superintendent of public instruction in accordance with section~~  
5           ~~15.1-02-08;~~

6           (3) ~~Tuition reported under code 1300 of the North Dakota school district~~  
7           ~~financial accounting and reporting manual, as developed by the~~  
8           ~~superintendent of public instruction in accordance with section 15.1-02-08,~~  
9           ~~with the exception of revenue received specifically for the operation of an~~  
10          ~~educational program provided at a residential treatment facility, tuition~~  
11          ~~received for the provision of an adult farm management program, and~~  
12          ~~beginning in the 2021-22 school year, seventeen percent of tuition received~~  
13          ~~under an agreement to educate students from a school district on an~~  
14          ~~air force base with funding received through federal impact aid, and an~~  
15          ~~additional seventeen percent of tuition received under an agreement to~~  
16          ~~educate students from a school district on an air force base with funding~~  
17          ~~received through federal impact aid each school year thereafter, until the~~  
18          ~~2024-25 school year when sixty-eight percent of tuition received under an~~  
19          ~~agreement to educate students from a school district on an air force base~~  
20          ~~with funding received through federal impact aid must be excluded from the~~  
21          ~~tuition calculation under this paragraph;~~

22          (4) ~~Revenue from payments in lieu of taxes on the distribution and transmission~~  
23          ~~of electric power;~~

24          (5) ~~Revenue from payments in lieu of taxes on electricity generated from~~  
25          ~~sources other than coal; and~~

26          (6) ~~Revenue from the leasing of land acquired by the United States for which~~  
27          ~~compensation is allocated to the state under 33 U.S.C. 701(c)(3);~~

28          d. ~~An amount equal to the total revenue received by the school district during the~~  
29          ~~2017-18 school year for the following revenue types:~~

30          (1) ~~Mobile home tax revenue;~~

31          (2) ~~Telecommunications tax revenue; and~~

1                   ~~(3) Revenue from payments in lieu of taxes and state reimbursement of the~~  
2   ~~homestead credit and disabled veterans credit; and~~

3           e.   ~~Beginning with the 2020-21 school year, the superintendent shall reduce the~~  
4                   ~~baseline funding for any school district that becomes an elementary district~~  
5                   ~~pursuant to section 15.1-07-27 after the 2012-13 school year. The reduction must~~  
6                   ~~be proportional to the number of weighted student units in the grades that are~~  
7                   ~~offered through another school district relative to the total number of weighted~~  
8                   ~~student units the school district offered in the year before the school district~~  
9                   ~~became an elementary district. The reduced baseline funding applies to the~~  
10                   ~~calculation of state aid for the first school year in which the school district~~  
11                   ~~becomes an elementary district and for each year thereafter. For districts that~~  
12                   ~~become an elementary district prior to the 2020-21 school year, the~~  
13                   ~~superintendent shall use the reduced baseline funding to calculate state aid for~~  
14                   ~~the 2020-21 school year and for each year thereafter.~~

15       2.   a.   ~~The superintendent shall divide the district's baseline funding determined in~~  
16                   ~~subsection 1 by the district's 2017-18 weighted student units to determine the~~  
17                   ~~district's baseline funding per weighted student unit.~~

18       b.   ~~For any school district that becomes an elementary district pursuant to section~~  
19                   ~~15.1-07-27 after the 2017-18 school year, the superintendent shall adjust the~~  
20                   ~~district's baseline funding per weighted student unit used to calculate state aid.~~  
21                   ~~The superintendent shall divide the district's baseline funding determined in~~  
22                   ~~subsection 1 by the district's weighted student units after the school district~~  
23                   ~~becomes an elementary district to determine the district's adjusted baseline~~  
24                   ~~funding per weighted student unit. The superintendent shall use the district's~~  
25                   ~~adjusted baseline funding per weighted student unit in the calculation of state aid~~  
26                   ~~for the first school year in which the school district becomes an elementary~~  
27                   ~~district and for each year thereafter.~~

28       c.   ~~Beginning with the 2021-22 school year and for each school year thereafter, the~~  
29                   ~~superintendent shall reduce the district's baseline funding per weighted student~~  
30                   ~~unit. Each year the superintendent shall calculate the amount by which the~~  
31                   ~~district's baseline funding per weighted student unit exceeds the payment per~~

1 weighted student unit provided in subsection 3. The superintendent shall reduce  
2 the district's baseline funding per weighted student unit by fifteen percent of the  
3 amount by which the district's baseline funding per weighted student unit exceeds  
4 the payment per weighted student unit for the 2021-22 school year. For each  
5 year thereafter, the reduction percentage is increased by an additional fifteen  
6 percent. However, the district's baseline funding per weighted student unit, after  
7 the reduction, may not be less than the payment per weighted student unit  
8 provided in subsection 3.

9 3. a. For the 2021-22 school year, the superintendent shall calculate state aid as the  
10 greater of:

- 11 (1) The district's weighted student units multiplied by ten thousand one hundred  
12 thirty-six dollars;
- 13 (2) One hundred two percent of the district's baseline funding per weighted  
14 student unit, as established in subsection 2, multiplied by the district's  
15 weighted student units, not to exceed the district's 2017-18 baseline  
16 weighted student units, plus any weighted student units in excess of the  
17 2017-18 baseline weighted student units multiplied by ten thousand  
18 one hundred thirty-six dollars; or
- 19 (3) The district's baseline funding as established in subsection 1 less the  
20 amount in paragraph 1, with the difference reduced by fifteen percent and  
21 then the difference added to the amount determined in paragraph 1.

22 b. For the 2022-23 school year and each school year thereafter, the superintendent  
23 shall calculate state aid as the greater of:

- 24 (1) The district's weighted student units multiplied by ten thousand two hundred  
25 thirty-seven dollars;
- 26 (2) One hundred two percent of the district's baseline funding per weighted  
27 student unit, as established in subsection 2, multiplied by the district's  
28 weighted student units, not to exceed the district's 2017-18 baseline  
29 weighted student units, plus any weighted student units in excess of the  
30 2017-18 baseline weighted student units multiplied by ten thousand  
31 two hundred thirty-seven dollars; or

1           (3) The district's baseline funding as established in subsection 1 less the  
2           amount in paragraph 1, with the difference reduced by thirty percent for the  
3           2022-23 school year and the reduction percentage increasing by fifteen  
4           percent each school year thereafter until the difference is reduced to zero,  
5           and then the difference added to the amount determined in paragraph 1.

6           e. The superintendent also shall adjust state aid determined in this subsection to  
7           ensure the amount does not exceed the transition maximum as follows:

8           (1) For the 2021-22 school year, the transition maximum rate is one hundred  
9           ten percent of the district's baseline funding per weighted student unit, as  
10           established in subsection 2, multiplied by the district's weighted student  
11           units from the previous school year.

12           (2) For the 2022-23 school year, the transition maximum rate is one hundred  
13           ten percent of the district's baseline funding per weighted student unit, as  
14           established in subsection 2, multiplied by the district's weighted student  
15           units from the previous school year.

16           (3) For the 2023-24 school year, the transition maximum rate is one hundred  
17           ten percent of the district's baseline funding per weighted student unit, as  
18           established in subsection 2, plus twenty percent of the difference between  
19           the rate under paragraph 1 of subdivision b of this subsection and  
20           one hundred ten percent of the district's baseline funding per weighted  
21           student unit. The transition maximum is determined by multiplying the  
22           transition maximum rate, which may not exceed the rate under paragraph 1  
23           of subdivision b of this subsection, by the district's weighted student units  
24           from the previous school year.

25           (4) For the 2024-25 school year, the transition maximum rate is one hundred  
26           ten percent of the district's baseline funding per weighted student unit, as  
27           established in subsection 2, plus forty percent of the difference between the  
28           rate under paragraph 1 of subdivision b of this subsection and one hundred  
29           ten percent of the district's baseline funding per weighted student unit. The  
30           transition maximum is determined by multiplying the transition maximum  
31           rate, which may not exceed the rate under paragraph 1 of subdivision b of

1                    this subsection, by the district's weighted student units from the previous-  
2                    school year.

3                    (5) For the 2025-26 school year, the transition maximum rate is one hundred-  
4                    ten percent of the district's baseline funding per weighted student unit, as  
5                    established in subsection 2, plus sixty percent of the difference between the  
6                    rate under paragraph 1 of subdivision b of this subsection and one hundred  
7                    ten percent of the district's baseline funding per weighted student unit. The  
8                    transition maximum is determined by multiplying the transition maximum-  
9                    rate, which may not exceed the rate under paragraph 1 of subdivision b of  
10                    this subsection, by the district's weighted student units from the previous-  
11                    school year.

12                    (6) For the 2026-27 school year, the transition maximum rate is one hundred-  
13                    ten percent of the district's baseline funding per weighted student unit, as  
14                    established in subsection 2, plus eighty percent of the difference between-  
15                    the rate under paragraph 1 of subdivision b of this subsection and  
16                    one hundred ten percent of the district's baseline funding per weighted  
17                    student unit. The transition maximum is determined by multiplying the  
18                    transition maximum rate, which may not exceed the rate under paragraph 1-  
19                    of subdivision b of this subsection, by the district's weighted student units  
20                    from the previous school year.

21                    4. After determining the product in accordance with subsection 3, the superintendent of  
22                    public instruction shall:

23                    a. Subtract an amount equal to sixty mills multiplied by the taxable valuation of the  
24                    school district, except the amount in dollars subtracted for purposes of this  
25                    subdivision may not exceed the previous year's amount in dollars subtracted for  
26                    purposes of this subdivision by more than twelve percent, adjusted pursuant to  
27                    section 15.1-27-04.3; and

28                    b. Subtract an amount equal to seventy-five percent of all revenue types listed in  
29                    subdivisions c and d of subsection 1. Before determining the deduction for  
30                    seventy-five percent of all revenue types, the superintendent of public instruction  
31                    shall adjust revenues as follows:

- 1                   (1) Tuition revenue shall be adjusted as follows:
- 2                   (a) ~~In addition to deducting tuition revenue received specifically for the~~
- 3                                 ~~operation of an educational program provided at a residential~~
- 4                                 ~~treatment facility, tuition revenue received for the provision of an adult~~
- 5                                 ~~farm management program, and tuition received under an agreement~~
- 6                                 ~~to educate students from a school district on an air force base with~~
- 7                                 ~~funding received through federal impact aid as directed each school~~
- 8                                 ~~year in paragraph 3 of subdivision c of subsection 1, the~~
- 9                                 ~~superintendent of public instruction also shall reduce the total tuition~~
- 10                                ~~reported by the school district by the amount of tuition revenue~~
- 11                                ~~received for the education of students not residing in the state and for~~
- 12                                ~~which the state has not entered a cross-border education contract;~~
- 13                                ~~and~~
- 14                   (b) ~~The superintendent of public instruction also shall reduce the total~~
- 15                                ~~tuition reported by admitting school districts meeting the requirements~~
- 16                                ~~of subdivision e of subsection 2 of section 15.1-29-12 by the amount~~
- 17                                ~~of tuition revenue received for the education of students residing in an~~
- 18                                ~~adjacent school district.~~
- 19                   (2) ~~After adjusting tuition revenue as provided in paragraph 1, the~~
- 20                                ~~superintendent shall reduce all remaining revenues from all revenue types~~
- 21                                ~~by the percentage of mills levied in 2020 by the school district for sinking~~
- 22                                ~~and interest relative to the total mills levied in 2020 by the school district for~~
- 23                                ~~all purposes.~~
- 24                   5. ~~The amount remaining after the computation required under subsection 4 is the~~
- 25                                ~~amount of state aid to which a school district is entitled, subject to any other statutory~~
- 26                                ~~requirements or limitations.~~
- 27                   6. ~~On or before June thirtieth of each year, the school board shall certify to the~~
- 28                                ~~superintendent of public instruction the final average daily membership for the current~~
- 29                                ~~school year.~~

- 1           7. ~~For purposes of the calculation in subsection 4, each county auditor, in collaboration-~~  
2           ~~with the school districts, shall report the following to the superintendent of public-~~  
3           ~~instruction on an annual basis:~~
- 4           a. ~~The amount of revenue received by each school district in the county during the-~~  
5           ~~previous school year for each type of revenue identified in subdivisions c and d of~~  
6           ~~subsection 4;~~
- 7           b. ~~The total number of mills levied in the previous calendar year by each school-~~  
8           ~~district for all purposes; and~~
- 9           c. ~~The number of mills levied in the previous calendar year by each school district-~~  
10          ~~for sinking and interest fund purposes.~~

11           ~~**Baseline funding -- Establishment -- Determination of state aid. (Effective after**~~  
12          ~~**June 30, 2025)**~~

- 13          1. To determine the amount of state aid payable to each district, the superintendent of  
14          public instruction shall establish each district's baseline funding. A district's baseline  
15          funding consists of:
- 16          a. All state aid received by the district in accordance with chapter 15.1-27 during the  
17          2018-19 school year;
- 18          b. An amount equal to the property tax deducted by the superintendent of public  
19          instruction to determine the 2018-19 state aid payment;
- 20          c. An amount equal to seventy-five percent of the revenue received by the school  
21          district during the 2017-18 school year for the following revenue types:
- 22               (1) Revenue reported under code 2000 of the North Dakota school district  
23               financial accounting and reporting manual, as developed by the  
24               superintendent of public instruction in accordance with section 15.1-02-08;
- 25               (2) Mineral revenue received by the school district through direct allocation from  
26               the state treasurer and not reported under code 2000 of the North Dakota  
27               school district financial accounting and reporting manual, as developed by  
28               the superintendent of public instruction in accordance with section  
29               15.1-02-08;
- 30               (3) Tuition reported under code 1300 of the North Dakota school district  
31               financial accounting and reporting manual, as developed by the



1 superintendent of public instruction in accordance with section 15.1-02-08,  
2 with the exception of revenue;

3 (a) Revenue received specifically for the operation of an educational  
4 program provided at a residential treatment facility; ~~tuition;~~

5 (b) Tuition received for the provision of an adult farm management  
6 program; ~~and beginning~~

7 (c) Beginning in the:

8 [1] 2023-24 school year, fifty-one percent of tuition received under  
9 an agreement to educate students from a school district on an air  
10 force base with funding received through federal impact aid;

11 [2] 2024-25 school year, sixty-eight percent of tuition received under  
12 an agreement to educate students from a school district on an air  
13 force base with funding received through federal impact aid;

14 [3] 2025-26 school year, eighty-five percent of tuition received under  
15 an agreement to educate students from a school district on an  
16 air force base with funding received through federal impact aid,  
17 ~~until the; and~~

18 [4] 2026-27 school year, and each school year thereafter, ~~when~~ all  
19 tuition received under an agreement to educate students from a  
20 school district on an air force base with funding received through  
21 federal impact aid ~~must be excluded from the tuition calculation~~  
22 ~~under this paragraph;~~

23 (4) Revenue from payments in lieu of taxes on the distribution and transmission  
24 of electric power;

25 (5) Revenue from payments in lieu of taxes on electricity generated from  
26 sources other than coal; and

27 (6) Revenue from the leasing of land acquired by the United States for which  
28 compensation is allocated to the state under 33 U.S.C. 701(c)(3); ~~and~~

29 d. An amount equal to the total revenue received by the school district during the  
30 2017-18 school year for the following revenue types:

31 (1) Mobile home tax revenue;

- 1                   (2) Telecommunications tax revenue; and
- 2                   (3) Revenue from payments in lieu of taxes and state reimbursement of the
- 3                               homestead credit and disabled veterans credit; and
- 4           e. Beginning with the 2020-21 school year, the superintendent shall reduce the
- 5                   baseline funding for any school district that becomes an elementary district
- 6                   pursuant to section 15.1-07-27 after the 2012-13 school year. The reduction must
- 7                   be proportional to the number of weighted student units in the grades that are
- 8                   offered through another school district relative to the total number of weighted
- 9                   student units the school district offered in the year before the school district
- 10                  became an elementary district. The reduced baseline funding applies to the
- 11                  calculation of state aid for the first school year in which the school district
- 12                  becomes an elementary district and for each year thereafter. For districts that
- 13                  become an elementary district prior to the 2020-21 school year, the
- 14                  superintendent shall use the reduced baseline funding to calculate state aid for
- 15                  the 2020-21 school year and for each year thereafter.
- 16           2.    a. The superintendent shall divide the district's baseline funding determined in
- 17                   subsection 1 by the district's 2017-18 weighted student units to determine the
- 18                   district's baseline funding per weighted student unit.
- 19                  b. For any school district that becomes an elementary district pursuant to section
- 20                   15.1-07-27 after the 2017-18 school year, the superintendent shall adjust the
- 21                   district's baseline funding per weighted student unit used to calculate state aid.
- 22                   The superintendent shall divide the district's baseline funding determined in
- 23                   subsection 1 by the district's weighted student units after the school district
- 24                   becomes an elementary district to determine the district's adjusted baseline
- 25                   funding per weighted student unit. The superintendent shall use the district's
- 26                   adjusted baseline funding per weighted student unit in the calculation of state aid
- 27                   for the first school year in which the school district becomes an elementary
- 28                   district and for each year thereafter.
- 29                  c. Beginning with the 2021-22 school year and for each school year thereafter, the
- 30                   superintendent shall reduce the district's baseline funding per weighted student
- 31                   unit. Each year the superintendent shall calculate the amount by which the

1 district's baseline funding per weighted student unit exceeds the payment per  
2 weighted student unit provided in subsection 3. The superintendent shall reduce  
3 the district's baseline funding per weighted student unit by fifteen percent of the  
4 amount by which the district's baseline funding per weighted student unit exceeds  
5 the payment per weighted student unit for the 2021-22 school year. For each  
6 year thereafter, the reduction percentage is increased by an additional fifteen  
7 percent. However, the district's baseline funding per weighted student unit, after  
8 the reduction, may not be less than the payment per weighted student unit  
9 provided in subsection 3.

10 3. a. For the 2021-22 school year, the superintendent shall calculate state aid as the  
11 greater of:

12 (1) The district's weighted student units multiplied by ten thousand one hundred  
13 thirty-six dollars;

14 (2) One hundred two percent of the district's baseline funding per weighted  
15 student unit, as established in subsection 2, multiplied by the district's  
16 weighted student units, not to exceed the district's 2017-18 baseline  
17 weighted student units, plus any weighted student units in excess of the  
18 2017-18 baseline weighted student units multiplied by ten thousand  
19 one hundred thirty-six dollars; or

20 (3) The district's baseline funding as established in subsection 1 less the  
21 amount in paragraph 1, with the difference reduced by fifteen percent and  
22 then the difference added to the amount determined in paragraph 1.

23 b. For the 2022-23 school year and each school year thereafter, the superintendent  
24 shall calculate state aid as the greater of:

25 (1) The district's weighted student units multiplied by ten thousand two hundred  
26 thirty-seven dollars;

27 (2) One hundred two percent of the district's baseline funding per weighted  
28 student unit, as established in subsection 2, multiplied by the district's  
29 weighted student units, not to exceed the district's 2017-18 baseline  
30 weighted student units, plus any weighted student units in excess of the

1                               2017-18 baseline weighted student units multiplied by ten thousand  
2                               two hundred thirty-seven dollars; or

3                               (3) The district's baseline funding as established in subsection 1 less the  
4                               amount in paragraph 1, with the difference reduced by thirty percent for the  
5                               2022-23 school year and the reduction percentage increasing by fifteen  
6                               percent each school year thereafter until the difference is reduced to zero,  
7                               and then the difference added to the amount determined in paragraph 1.

8                               c. The superintendent also shall adjust state aid determined in this subsection to  
9                               ensure the amount does not exceed the transition maximum as follows:

10                              (1) ~~For the 2021-22 school year, the transition maximum rate is one hundred~~  
11                              ~~ten percent of the district's baseline funding per weighted student unit, as~~  
12                              ~~established in subsection 2, multiplied by the district's weighted student~~  
13                              ~~units from the previous school year.~~

14                              (2) ~~For the 2022-23 school year, the transition maximum rate is one hundred~~  
15                              ~~ten percent of the district's baseline funding per weighted student unit, as~~  
16                              ~~established in subsection 2, multiplied by the district's weighted student~~  
17                              ~~units from the previous school year.~~

18                              (3) For the 2023-24 school year, the transition maximum rate is one hundred  
19                              ten percent of the district's baseline funding per weighted student unit, as  
20                              established in subsection 2, plus twenty percent of the difference between  
21                              the rate under paragraph 1 of subdivision b of this subsection and  
22                              one hundred ten percent of the district's baseline funding per weighted  
23                              student unit. The transition maximum is determined by multiplying the  
24                              transition maximum rate, which may not exceed the rate under paragraph 1  
25                              of subdivision b of this subsection, by the district's weighted student units  
26                              from the previous school year.

27                              (4)(2) For the 2024-25 school year, the transition maximum rate is one hundred  
28                              ten percent of the district's baseline funding per weighted student unit, as  
29                              established in subsection 2, plus forty percent of the difference between the  
30                              rate under paragraph 1 of subdivision b of this subsection and one hundred  
31                              ten percent of the district's baseline funding per weighted student unit. The

1 transition maximum is determined by multiplying the transition maximum  
2 rate, which may not exceed the rate under paragraph 1 of subdivision b of  
3 this subsection, by the district's weighted student units from the previous  
4 school year.

5 ~~(5)(3)~~ For the 2025-26 school year, the transition maximum rate is one hundred  
6 ten percent of the district's baseline funding per weighted student unit, as  
7 established in subsection 2, plus sixty percent of the difference between the  
8 rate under paragraph 1 of subdivision b of this subsection and one hundred  
9 ten percent of the district's baseline funding per weighted student unit. The  
10 transition maximum is determined by multiplying the transition maximum  
11 rate, which may not exceed the rate under paragraph 1 of subdivision b of  
12 this subsection, by the district's weighted student units from the previous  
13 school year.

14 ~~(6)(4)~~ For the 2026-27 school year, the transition maximum rate is one hundred  
15 ten percent of the district's baseline funding per weighted student unit, as  
16 established in subsection 2, plus eighty percent of the difference between  
17 the rate under paragraph 1 of subdivision b of this subsection and  
18 one hundred ten percent of the district's baseline funding per weighted  
19 student unit. The transition maximum is determined by multiplying the  
20 transition maximum rate, which may not exceed the rate under paragraph 1  
21 of subdivision b of this subsection, by the district's weighted student units  
22 from the previous school year.

23 4. After determining the product in accordance with subsection 3, the superintendent of  
24 public instruction shall:

25 a. Subtract an amount equal to ~~sixty~~thirty mills multiplied by the taxable valuation of  
26 the school district. For purposes of this subdivision, "taxable valuation" means,  
27 for taxable year 2023, the 2022 taxable valuation of the school district, and for  
28 taxable year 2024 and each year thereafter, the 2022 taxable valuation increased  
29 by five percent per year, or the actual increase in taxable valuation, as compared  
30 to the previous year's taxable valuation calculation, whichever is less, beginning  
31 with taxable year 2024 and each year thereafter; and

- 1           b. Subtract an amount equal to seventy-five percent of all revenue types listed in  
2           subdivisions c and d of subsection 1. Before determining the deduction for  
3           seventy-five percent of all revenue types, the superintendent of public instruction  
4           shall adjust revenues as follows:
- 5           (1) Tuition revenue shall be adjusted as follows:
- 6                 (a) In addition to deducting tuition revenue received specifically for the  
7                 operation of an educational program provided at a residential  
8                 treatment facility, tuition revenue received for the provision of an adult  
9                 farm management program, and tuition received under an agreement  
10                to educate students from a school district on an air force base with  
11                funding received through federal impact aid as directed each school  
12                year in paragraph 3 of subdivision c of subsection 1, the  
13                superintendent of public instruction also shall reduce the total tuition  
14                reported by the school district by the amount of tuition revenue  
15                received for the education of students not residing in the state and for  
16                which the state has not entered a cross-border education contract;  
17                and
- 18                (b) The superintendent of public instruction also shall reduce the total  
19                tuition reported by admitting school districts meeting the requirements  
20                of subdivision e of subsection 2 of section 15.1-29-12 by the amount  
21                of tuition revenue received for the education of students residing in an  
22                adjacent school district.
- 23           (2) After adjusting tuition revenue as provided in paragraph 1, the  
24           superintendent shall reduce all remaining revenues from all revenue types  
25           by the percentage of mills levied in ~~2020~~2022 by the school district for  
26           sinking and interest relative to the total mills levied in ~~2020~~2022 by the  
27           school district for all purposes.
- 28        5. The amount remaining after the computation required under subsection 4 is the  
29        amount of state aid to which a school district is entitled, subject to any other statutory  
30        requirements or limitations.

1           6. On or before June thirtieth of each year, the school board shall certify to the  
2           superintendent of public instruction the final average daily membership for the current  
3           school year.

4           7. For purposes of the calculation in subsection 4, each county auditor, in collaboration  
5           with the school districts, shall report the following to the superintendent of public  
6           instruction on an annual basis:

7           a. The amount of revenue received by each school district in the county during the  
8           previous school year for each type of revenue identified in subdivisions c and d of  
9           subsection 1;

10          b. The total number of mills levied in the previous calendar year by each school  
11          district for all purposes; and

12          c. The number of mills levied in the previous calendar year by each school district  
13          for sinking and interest fund purposes.

14           **SECTION 2. AMENDMENT.** Section 15.1-27-04.2 of the North Dakota Century Code is  
15   amended and reenacted as follows:

16           **15.1-27-04.2. State aid - Minimum local effort - Determination.**

17           If a district's taxable valuation per student is less than twenty percent of the state average  
18   valuation per student, the superintendent of public instruction, for purposes of determining state  
19   aid in accordance with subsection 4 of section 15.1-27-04.1, shall utilize an amount equal to  
20   ~~sixty~~thirty mills times twenty percent of the state average valuation per student multiplied by the  
21   number of weighted student units in the district.

22           **SECTION 3. AMENDMENT.** Section 57-15-01 of the North Dakota Century Code is  
23   amended and reenacted as follows:

24           **57-15-01. Levy in specific amounts - Exceptions.**

25           With the exception of special assessment taxes and such general taxes as may be  
26   definitely fixed by law, all state, county, city, township, school district, and park district taxes  
27   must be levied or voted in specific amounts of money. For purposes of communicating with the  
28   public and comparing the amount levied in the current taxable year to the amount levied in the  
29   preceding taxable year, taxing districts shall express levies in terms of dollars rather than mills.

30           **SECTION 4. AMENDMENT.** Section 57-15-01.1 of the North Dakota Century Code is  
31   amended and reenacted as follows:

1           **57-15-01.1. Protection of taxpayers and taxing districts.**

2           Each taxing district may levy the lesser of the amount in dollars as certified in the budget of  
3 the governing body, or the amount in dollars as allowed in this section, subject to the following:

4           1. No taxing district may levy more taxes expressed in dollars than the amounts allowed  
5           by this section.

6           2. For purposes of this section:

7           a. "Base year" means the taxing district's taxable year with the highest amount  
8           levied in dollars in property taxes of the three taxable years immediately  
9           preceding the budget year;

10          b. "Budget year" means the taxing district's year for which the levy is being  
11          determined under this section;

12          c. "Calculated mill rate" means the mill rate that results from dividing the base year  
13          taxes levied by the sum of the taxable value of the taxable property in the base  
14          year plus the taxable value of the property exempt by local discretion or  
15          charitable status, calculated in the same manner as the taxable property; ~~and~~

16          d. "Property exempt by local discretion or charitable status" means property  
17          exempted from taxation as new or expanding businesses under chapter 40-57.1;  
18          improvements to property under chapter 57-02.2; or buildings belonging to  
19          institutions of public charity, new single-family residential or townhouse or  
20          condominium property, property used for early childhood services, or pollution  
21          abatement improvements under section 57-02-08; and

22          e. "Taxing district" means any political subdivision, other than a school district,  
23          empowered by law to levy taxes.

24          3. A taxing district may elect to levy the amount levied in dollars in the base year. Any  
25          levy under this section must be specifically approved by a resolution approved by the  
26          governing body of the taxing district. Before determining the levy limitation under this  
27          section, the dollar amount levied in the base year must be:

28          a. Reduced by an amount equal to the sum determined by application of the base  
29          year's calculated mill rate for that taxing district to the final base year taxable  
30          valuation of any taxable property and property exempt by local discretion or



- 1 charitable status which is not included in the taxing district for the budget year but  
2 was included in the taxing district for the base year.
- 3 b. Increased by an amount equal to the sum determined by the application of the  
4 base year's calculated mill rate for that taxing district to the final budget year  
5 taxable valuation of any taxable property or property exempt by local discretion or  
6 charitable status which was not included in the taxing district for the base year  
7 but which is included in the taxing district for the budget year.
- 8 c. Reduced to reflect expired temporary mill levy increases authorized by the  
9 electors of the taxing district. ~~For purposes of this subdivision, an expired~~  
10 ~~temporary mill levy increase does not include a school district general fund mill~~  
11 ~~rate exceeding one hundred ten mills which has expired or has not received~~  
12 ~~approval of electors for an extension under subsection 2 of section 57-64-03.~~
- 13 d. ~~Reduced by the amount of state aid under chapter 15.1-27, which is determined~~  
14 ~~by multiplying the budget year taxable valuation of the school district by the~~  
15 ~~lesser of the base year mill rate of the school district minus sixty mills or fifty~~  
16 ~~mills, if the base year is a taxable year before 2013.~~
- 17 4. In addition to any other levy limitation factor under this section, a taxing district may  
18 increase its levy in dollars to reflect new or increased mill levies authorized by the  
19 legislative assembly or authorized by the electors of the taxing district.
- 20 5. Under this section a taxing district may supersede any applicable mill levy limitations  
21 otherwise provided by law, or a taxing district may levy up to the mill levy limitations  
22 otherwise provided by law without reference to this section, but the provisions of this  
23 section do not apply to the following:
- 24 a. Any irrevocable tax to pay bonded indebtedness levied pursuant to section 16 of  
25 article X of the Constitution of North Dakota.
- 26 b. The one-mill levy for the state medical center authorized by section 10 of article X  
27 of the Constitution of North Dakota.
- 28 6. ~~A school district choosing to determine its levy authority under this section may apply~~  
29 ~~subsection 3 only to the amount in dollars levied for general fund purposes under~~  
30 ~~section 57-15-14 or, if the levy in the base year included separate general fund and~~  
31 ~~special fund levies under sections 57-15-14 and 57-15-14.2, the school district may~~

1           ~~apply subsection 3 to the total amount levied in dollars in the base year for both the~~  
2           ~~general fund and special fund accounts. School district levies under any section other~~  
3           ~~than section 57-15-14 may be made within applicable limitations but those levies are~~  
4           ~~not subject to subsection 3.~~

5           7. Optional levies under this section may be used by any city or county that has adopted  
6           a home rule charter unless the provisions of the charter supersede state laws related  
7           to property tax levy limitations.

8           **SECTION 5. AMENDMENT.** Subsection 1 of section 57-15-14 of the North Dakota Century  
9           Code is amended and reenacted as follows:

- 10          1. Unless authorized by the electors of the school district in accordance with this section,  
11          a school district may not impose greater levies than those permitted under section  
12          57-15-14.2.
- 13          a. In any school district having a total population in excess of four thousand  
14          according to the last federal decennial census there may be levied any specific  
15          number of mills that upon resolution of the school board has been submitted to  
16          and approved by a majority of the qualified electors voting upon the question at  
17          any regular or special school district election.
- 18          b. In any school district having a total population of fewer than four thousand, there  
19          may be levied any specific number of mills that upon resolution of the school  
20          board has been approved by fifty-five percent of the qualified electors voting  
21          upon the question at any regular or special school election.
- 22          c. After June 30, 2009, in any school district election for approval by electors of  
23          increased levy authority under subsection 1 or 2, the ballot must specify the  
24          number of mills proposed for approval, and the number of taxable years for which  
25          that approval is to apply. After June 30, 2009, approval by electors of increased  
26          levy authority under subsection 1 or 2 may not be effective for more than ten  
27          taxable years.
- 28          d. The authority for a levy of up to a specific number of mills under this section  
29          approved by electors of a school district before July 1, 2009, is terminated  
30          effective for taxable years after 2015. If the electors of a school district subject to  
31          this subsection have not approved a levy for taxable years after 2015 of up to a

1 specific number of mills under this section by December 31, 2015, the school  
2 district levy limitation for subsequent years is subject to the limitations under  
3 ~~section 57-15-01.1~~ or this section.

4 e. For taxable years beginning after 2012:

5 (1) The authority for a levy of up to a specific number of mills, approved by  
6 electors of a school district for any period of time that includes a taxable  
7 year before 2009, must be reduced by one hundred fifteen mills as a  
8 precondition of receiving state aid in accordance with chapter 15.1-27.

9 (2) The authority for a levy of up to a specific number of mills, approved by  
10 electors of a school district for any period of time that does not include a  
11 taxable year before 2009, must be reduced by forty mills as a precondition  
12 of receiving state aid in accordance with chapter 15.1-27.

13 (3) The authority for a levy of up to a specific number of mills, placed on the  
14 ballot in a school district election for electoral approval of increased levy  
15 authority under subdivision a or b, after June 30, ~~2013~~2022, must be stated  
16 as a specific number of mills of general fund levy authority and must include  
17 a statement that the statutory school district general fund levy limitation is  
18 ~~seventy~~forty mills on the dollar of the taxable valuation of the school district.

19 f. The authority for an unlimited levy approved by electors of a school district before  
20 July 1, 2009, is terminated effective for taxable years after 2015. If the electors of  
21 a school district subject to this subsection have not approved a levy of up to a  
22 specific number of mills under this section by December 31, 2015, the school  
23 district levy limitation for subsequent years is subject to the limitations under  
24 ~~section 57-15-01.1~~ or this section.

25 **SECTION 6. AMENDMENT.** Section 57-15-14.2 of the North Dakota Century Code is  
26 amended and reenacted as follows:

27 **57-15-14.2. School district levies. (~~Effective for taxable years through December 31,~~**  
28 **2024)**

29 1. ~~The board of a school district may levy a tax not exceeding the amount in dollars that~~  
30 ~~the school district levied for the prior year, plus twelve percent and the dollar amount~~  
31 ~~of the adjustment required in section 15.1-27-04.3, up to a levy of seventy mills on the~~

1 taxable valuation of the district, for any purpose related to the provision of educational  
2 services. The proceeds of this levy must be deposited into the school district's general  
3 fund and used in accordance with this subsection. The proceeds may not be  
4 transferred into any other fund.

5 2. The board of a school district may levy no more than twelve mills on the taxable  
6 valuation of the district, for miscellaneous purposes and expenses. The proceeds of  
7 this levy must be deposited into a special fund known as the miscellaneous fund and  
8 used in accordance with this subsection. The proceeds may not be transferred into  
9 any other fund.

10 3. The board of a school district may levy no more than three mills on the taxable  
11 valuation of the district for deposit into a special reserve fund, in accordance with  
12 chapter 57-19.

13 4. The board of a school district may levy no more than the number of mills necessary,  
14 on the taxable valuation of the district, for the payment of tuition, in accordance with  
15 section 15.1-29-15. The proceeds of this levy must be deposited into a special fund  
16 known as the tuition fund and used in accordance with this subsection. The proceeds  
17 may not be transferred into any other fund.

18 5. The board of a school district may levy no more than five mills on the taxable valuation  
19 of the district, pursuant to section 57-15-15.1, for purposes of developing a school  
20 safety plan in accordance with section 15.1-09-60. The proceeds of this levy must be  
21 deposited into a special fund known as the school safety plan fund and used in  
22 accordance with this subsection.

23 6. Nothing in this section limits the board of a school district from levying:

24 a. Mills for a building fund, as permitted in sections 15.1-09-49 and 57-15-16; and

25 b. Mills necessary to pay principal and interest on the bonded debt of the district,  
26 including the mills necessary to pay principal and interest on any bonded debt  
27 incurred under section 57-15-17.1 before July 1, 2013.

28 **School district levies. (Effective for taxable years beginning after December 31, 2024)**

29 1. The board of a school district may levy a tax not exceeding the amount in dollars that  
30 the school district levied for the prior year, plus twelve percent, up to would be  
31 generated by a levy of seventythree mills on the taxable valuation of the district, for

1           ~~any purpose related to the provision of educational services~~the school district's local  
2           contribution to the costs of education. For purposes of this subsection, "taxable  
3           valuation" means, for taxable year 2023, the 2022 taxable valuation of the school  
4           district, and for taxable year 2024 and each year thereafter, the 2022 taxable valuation  
5           increased by five percent per year, or the actual increase in taxable valuation, as  
6           compared to the previous year's taxable valuation calculation, whichever is less,  
7           beginning with taxable year 2024 and each year thereafter. The proceeds of this levy  
8           must be deposited into the school district's general fund and may be used in  
9           ~~accordance with this subsection~~for any purposes related to the provision of  
10          educational services. The proceeds may not be transferred into any other fund.

11          2. The board of a school district may levy no more than ten mills on the taxable valuation  
12          of the district, for any purpose related to the provision of educational services. The  
13          proceeds of this levy must be deposited into the school district's general fund and  
14          used in accordance with this subsection. The proceeds may not be transferred into  
15          any other fund.

16          3. The board of a school district may levy no more than twelve mills on the taxable  
17          valuation of the district, for miscellaneous purposes and expenses. The proceeds of  
18          this levy must be deposited into a special fund known as the miscellaneous fund and  
19          used in accordance with this subsection. The proceeds may not be transferred into  
20          any other fund.

21          ~~3.4.~~ The board of a school district may levy no more than three mills on the taxable  
22          valuation of the district for deposit into a special reserve fund, in accordance with  
23          chapter 57-19.

24          ~~4.5.~~ The board of a school district may levy no more than the number of mills necessary,  
25          on the taxable valuation of the district, for the payment of tuition, in accordance with  
26          section 15.1-29-15. The proceeds of this levy must be deposited into a special fund  
27          known as the tuition fund and used in accordance with this subsection. The proceeds  
28          may not be transferred into any other fund.

29          ~~5.6.~~ The board of a school district may levy no more than five mills on the taxable valuation  
30          of the district, pursuant to section 57-15-15.1, for purposes of developing a school  
31          safety plan in accordance with section 15.1-09-60. The proceeds of this levy must be

1 deposited into a special fund known as the school safety plan fund and used in  
2 accordance with this subsection.

3 ~~6-7.~~ Nothing in this section limits the board of a school district from levying:

- 4 a. Mills for a building fund, as permitted in sections 15.1-09-49 and 57-15-16; and  
5 b. Mills necessary to pay principal and interest on the bonded debt of the district,  
6 including the mills necessary to pay principal and interest on any bonded debt  
7 incurred under section 57-15-17.1 before July 1, 2013.

8 **SECTION 7. AMENDMENT.** Subdivision c of subsection 1 of section 57-20-07.1 of the  
9 North Dakota Century Code is amended and reenacted as follows:

10 c. Provide information identifying the property tax savings provided by the state of  
11 North Dakota. The tax statement must include a line item that is entitled  
12 "legislative tax relief" and identifies the dollar amount of property tax savings  
13 realized by the taxpayer under chapter 50-34 for taxable years before 2019,  
14 chapter 50-35 for taxable years after 2018, and chapter 15.1-27.

15 (1) For purposes of this subdivision, legislative tax relief under chapter 15.1-27  
16 is determined by multiplying the taxable value for the taxable year for each  
17 parcel shown on the tax statement by the number of mills of mill levy  
18 reduction grant under chapter 57-64 for the 2012 taxable year plus the  
19 ~~number of mills determined by subtracting from the 2012 taxable year mill-~~  
20 ~~rate of the school district in which the parcel is located~~ the lesser of:

- 21 (a) ~~Fifty~~Eighty mills; or  
22 (b) The 2012 taxable year mill rate of the school district minus ~~sixty~~thirty  
23 mills.

24 (2) Legislative tax relief under chapter 50-35 is determined by multiplying the  
25 taxable value for the taxable year for each parcel shown on the tax  
26 statement by the number of mills of relief determined by dividing the amount  
27 calculated in subsection 1 of section 50-35-03 for a human service zone by  
28 the taxable value of taxable property in the zone for the taxable year.

29 **SECTION 8. AMENDMENT.** Section 57-20-07.3 of the North Dakota Century Code is  
30 amended and reenacted as follows:

1           **57-20-07.3. Centrally assessed company credit against payments in lieu of taxes.**

2           1. The owner, operator, or lessee of transmission lines, for which payments in lieu of  
3           property taxes are assessed by the state board of equalization under section  
4           57-06-17.3, is entitled to a credit against tax in the amount provided in subsection 3.  
5           The credit for each transmission company must be allocated to the counties in the  
6           same manner as the tax collected from that company is allocated.

7           2. The owner, operator, or lessee of electric transmission or distribution property, for  
8           which payments in lieu of property taxes are assessed by the state board of  
9           equalization under sections 57-33.2-02 or 57-33.2-03, is entitled to a credit against the  
10          transmission or distribution tax in the amount provided in subsection 3. The credit for  
11          each transmission or distribution company must be allocated and distributed to  
12          counties in the same manner as the tax collected from that company is allocated.

13          3. The amount of credit is ~~determined by multiplying the sum of the following:~~

14          a. The company's assessed tax multiplied by a fraction, the numerator of which is  
15          the total of all formula payments calculated for the subsequent calendar year  
16          under section 50-35-03 and the denominator of which is the total statewide ad  
17          valorem property tax levied in the prior taxable year; and

18          b. The company's assessed tax multiplied by a fraction, the numerator of which is  
19          equal to thirty mills multiplied by the taxable valuation of property in all school  
20          districts and the denominator of which is the total statewide ad valorem property  
21          tax levied in the prior taxable year. For purposes of this subdivision, "taxable  
22          valuation" means, for taxable year 2023, the 2022 taxable valuation of the school  
23          district, and for taxable year 2024 and each year thereafter, the 2022 taxable  
24          valuation increased by five percent per year, or the actual increase in taxable  
25          valuation, as compared to the previous year's taxable valuation calculation,  
26          whichever is less, beginning with taxable year 2024 and each year thereafter.

27          4. The tax commissioner shall annually calculate the amount of credit to which a  
28          company is entitled under this section.

29          **SECTION 9. REPEAL.** Sections 15.1-27-04.3, 15.1-27-15.1, and 15.1-27-20.2 of the North  
30          Dakota Century Code are repealed.

1        **SECTION 10. EFFECTIVE DATE.** Sections 4, 5, 6, and 8 of this Act are effective for taxable  
2 years beginning after December 31, 2022.